HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a China-based drug development company currently focused on developing a global first-in-class oral drug, Dorzagliatin, for the treatment of Type 2 diabetes. Our Company was founded by Dr. Li Chen, the former Chief Scientific Officer of Roche's R&D Center in China, and backed by a group of sophisticated healthcare and biotech funds and experienced entrepreneurs.

In 2010 and 2011, we established our wholly-owned subsidiary Hua HK in Hong Kong, as well as our major operating subsidiary Hua Shanghai in the PRC, which is directly owned by Hua HK.

BUSINESS MILESTONES

The following sets forth certain key business development milestones of our Group:

2009 The Company was incorporated in the Cayman Islands as a limited liability company.

2010 Dr. Li Chen joined the Company and began the operations of the Company.

2011 Company licensed Dorzagliatin from Roche in December 2011.

2012 Company filed an Investigational New Drug (IND) application with the China Food and Drug Administration (CFDA) for Dorzagliatin under Category 1.1 (New Drug).

2013 Phase Ia clinical study of our novel Glucokinase activator Dorzagliatin initiated in September 2013.

2014 Multicenter, multi-dose Phase Ib trial for Dorzagliatin initiated in March 2014 after positive results from our Phase 1a clinical study were announced. Company closed a Series A-1 and A-2 financing of US$20.1 million (including conversion of convertible notes) in May 2014.

2015 Company closed a Series B financing of US$25 million in January 2015. Company filed an Investigational New Drug (IND) application with the US Food and Drug Administration (FDA) for Dorzagliatin in March 2015 after positive results from our Phase 1b trials were announced. Positive results from our Phase 1c clinical trial for Dorzagliatin were announced in August 2015.

2016 Company closed a Series C financing of US$48 million in April 2016. Positive results from our Phase II monotherapy trial for Dorzagliatin were announced in August 2016 and had demonstrated proof-of-concept.

2017 We began our Phase III trial in China in July 2017.

2018 Company closed a combined Series D and Series E financing of US$117.4 million in March 2018. The results from our Phase II trial were published in the Lancet Diabetes and Endocrinology in May 2018.

MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR GROUP

Our business operations were primarily conducted through our major operating subsidiary Hua Shanghai. The following sets forth the major corporate history and shareholding changes of our Company, Hua HK and Hua Shanghai:

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 10, 2009. On March 4, 2010, the initial subscriber Mapcal Limited transferred 1 share of the Company, being the entire issued share of the Company at the time, to ARCH Venture Fund VII, L.P.

(i) ***Initial Issuances of Ordinary Shares***

On April 30, 2010, our Company issued a total of 3,624,990 ordinary Shares at a purchase price of US$0.001 per share for a total consideration of US$3,624.99 as follows:

Name of Shareholder	Number of Ordinary Shares	Purchase Amount (US$)
Ge Li and Ning Zhao	1,000,000	1,000.00
John J. Baldwin[·]	1,000,000	1,000.00
Edgar Hotard[·]	125,000	125.00
ARCH Venture Fund VII, L.P.	499,990	499.99
Asia Ventures II L.P.	250,000	250.00
F-Prime Capital Partners Healthcare Fund II LP (formerly known as Beacon Bioventures Fund II Limited Partnership)	250,000	250.00
Venrock Associates V, L.P.	451,150	451.15
Venrock Partners V, L.P.	38,250	38.25
Venrock Entrepreneurs Fund V, L.P.	10,600	10.60
Total	**3,624,990**	**3,624.99**

(ii) ***Convertible Notes Financing***

Between 2010 and 2013, our Company issued convertible notes in an aggregate principal amount of US$14,599,999.00 to the following noteholders, all principal amount of which and the interests accrued thereon were converted into a certain number of Series A-2 Preferred Shares as follows at a conversion price of US$0.75 per share at the closing of the Series A financing on May 16, 2014.

Name of Noteholder	Number of Series A-2 Preferred Shares Issued upon Conversion	Purchase Amount (US$)
John J. Baldwin	771,404	500,000.00
Ge Li and Ning Zhao	771,404	500,000.00
ARCH Venture Fund VII, L.P.	4,900,273	3,438,503.12
Asia Ventures II L.P.	2,192,333	1,540,228.15
F-Prime Capital Partners Healthcare Fund II LP	2,192,333	1,540,228.15
Venrock Associates V, L.P.	3,956,285	2,779,496.10
Venrock Partners V, L.P.	335,426	235,654.49
Venrock Entrepreneurs Fund V, L.P.	92,955	65,305.70
Sino-Alliance International, Ltd	2,709,161	1,887,526.15
Wuxi Pharmatech Healthcare Fund I L.P.	2,994,835	2,113,057.14
Total	**20,916,409**	**14,599,999.00**

(iii) ***Series A Financing***

In connection with the Series A financing, our Company issued (i) a total of 20,916,409 Series A-2 Preferred Shares to the holders of the convertible notes upon conversion of such convertible notes as set forth above, and (ii) a total of 5,499,999 Series A-1 Preferred Shares to the following investors at a purchase price of US$1.00 per share for a total consideration of US$5,499,999.00 on May 16, 2014.

Name of Shareholder	Number of Series A-1 Preferred Shares	Purchase Amount (US$)
ARCH Venture Fund VII, L.P.	1,420,444	1,420,444.00
Asia Ventures II L.P.	645,656	645,656.00
F-Prime Capital Partners Healthcare Fund II LP	645,656	645,656.00
Venrock Associates V, L.P.	1,165,151	1,165,151.00
Venrock Partners V, L.P.	98,785	98,785.00
Venrock Entrepreneurs Fund V, L.P.	27,376	27,376.00
Sino-Alliance International, Ltd	734,845	734,845.00
Wuxi Pharmatech Healthcare Fund I L.P.	762,086	762,086.00
Total	**5,499,999**	**5,499,999.00**

(iv) ***Series B Financing***

In connection with the Series B financing, our Company issued (i) a total of 3,571,428 Series B Preferred Shares to the following investors at a purchase price of US$3.50 per share for a total consideration of US$12,499,998.00 at the initial closing on January 6, 2015, and (ii) a total of 3,571,429 Series B Preferred Shares to the following investors at a purchase price of US$3.50 per share for a total consideration of US$12,500,001.50 at the second closing on August 6, 2015.

Name of Shareholder (Initial Closing)	Number of Series B Preferred Shares	Purchase Amount (US$)
ARCH Venture Fund VII, L.P.	714,285	2,499,997.50
Asia Ventures II L.P.	158,105	553,367.50
F-Prime Capital Partners Healthcare Fund II LP	158,105	553,367.50
Venrock Associates V, L.P.	285,317	998,609.50
Venrock Partners V, L.P.	24,190	84,665.00
Venrock Entrepreneurs Fund V, L.P.	6,703	23,460.50
Sino-Alliance International, Ltd	191,866	671,531.00
Wuxi Pharmatech Healthcare Fund I L.P.	461,428	1,614,998.00
ABG II-Hua Limited	1,142,858	4,000,003.00
China Life Sciences Access Fund, L.P.	285,714	999,999.00
Prized Resources Holdings Limited	142,857	499,999.50
Total	**3,571,428**	**12,499,998.00**

Name of Shareholder (Second Closing)	Number of Series B Preferred Shares	Purchase Amount (US$)
ARCH Venture Fund VII, L.P.	714,286	2,500,001.00
Asia Ventures II L.P.	158,105	553,367.50
Beacon Bioventures Fund II Limited Partnership	158,105	553,367.50
Venrock Associates V, L.P.	285,317	998,609.50
Venrock Partners V, L.P.	24,190	84,665.00
Venrock Entrepreneurs Fund V, L.P.	6,703	23,460.50
Sino-Alliance International, Ltd	191,866	671,531.00
Wuxi Pharmatech Healthcare Fund I L.P.	461,429	1,615,001.50
ABG II-Hua Limited	1,142,857	3,999,999.50
China Life Sciences Access Fund, L.P.	285,714	999,999.00
Prized Resources Holdings Limited	142,857	499,999.50
Total	**3,571,429**	**12,500,001.50**

(v) ***Series C Financing***

In connection with the Series C financing, our Company issued a total of 1,093,076 Series C Preferred Shares, including (i) (a) 794,965 Series C-1 Preferred Shares, at a purchase price of US$10.06335 per share, to the investors identified in the table below, (b) one Series C-2 Preferred Share, at a purchase price of US$0.001 per share, to Harvest Yuanxiang (Cayman) Limited ("Harvest Cayman"), in connection with certain of its PRC affiliates' investments in Hua Shanghai, and (c) one Series C-3 Preferred Share, at a purchase price of US$0.001 per share, to Sciences Access Fund, L.P. in connection with its PRC affiliate's investments in Hua Shanghai, for a total consideration of US$8,000,000 at the initial closing on April 18, 2016, and (ii) 298,111 Series C-1 Preferred Shares at a purchase price of US$10.06335 per share for a total consideration of US$3,000,000 at the second closing on March 9, 2017.

Name of Shareholder (Initial Closing)	Number of Series C Preferred Shares	Purchase Amount (US$)
Harvest Yuanxiang (Cayman) Limited	496,852	5,000,000.00
Fortune Triumph Holdings Limited	198,741	2,000,000.00
Parkway Limited	99,370	1,000,000.00
Total	**794,965**	**8,000,000.00**

Name of Shareholder (Second Closing)	Number of Series C Preferred Shares	Purchase Amount (US$)
Fortune Triumph Holdings Limited	198,741	2,000,000.00
Parkway Limited	99,370	1,000,000.00
Total	**298,111**	**3,000,000.00**

Concurrently with the Series C financing, certain of Harvest's PRC affiliates (the "Harvest Entities") collectively invested in Hua Shanghai, and in connection therewith the Harvest Entities entered into an option agreement with the Company pursuant to which they have option rights to purchase from the Company an aggregate of 2,981,114 Series C-1 Preferred Shares upon repurchase by Hua HK or Hua Shanghai of the equity interests held by the Harvest Entities in Hua Shanghai, at an exercise price equal to the repurchase price for their equity interests in Hua Shanghai. For details of the Harvest Entities' investment in Hua Shanghai, please see the paragraph headed "—Hua Shanghai" below.

Concurrently with the Series C financing, Suzhou Frontline BioVentures Venture Capital Partnership (Limited Partnership) (蘇州通和創業投資合夥企業 (有限合夥)) ("Suzhou Frontline") and Suzhou Tonghe Management Venture Capital Partnership (Limited Partnership) (蘇州通和創業投資管理合夥企業 (有限合夥)) (together with Suzhou Frontline, "Frontline Suzhou Entities", and together with China Life Sciences Access Fund, L.P., the "Frontline Entities") invested in Hua Shanghai, and in connection therewith it entered into an option agreement with the Company pursuant to which it has an option right to purchase from the Company an aggregate of 695,592 Series C-1 Preferred Shares upon repurchase by Hua HK or Hua Shanghai of the equity interests held by it in Hua Shanghai, at an exercise price equal to the repurchase price for their equity interests in Hua Shanghai. For details, please see the paragraph headed "—Hua Shanghai" below.

(vi) ***Series D Financing***

In connection with the Series D financing, our Company issued a total of 3,599,031 Series D Preferred Shares, including (i) (a) 1,746,328 Series D-1 Preferred Shares, at a purchase price of US$11.1141 per share, to the investors identified in the table below, (b) one Series D-2 Preferred Share, at a purchase price of US$0.001 per share, to Harvest Cayman in connection with one of its PRC affiliates' investment in Hua Shanghai, for a total consideration of US$19,408,864.02 at the initial closing on January 22, 2018, and (ii) 1,852,702 Series D-1 Preferred Shares at a purchase price of US$11.1141 per share for a total consideration of US$20,591,115.28 at the second closing on March 14, 2018.

Name of Shareholder (Initial Closing)	Number of Series D Preferred Shares	Purchase Amount (US$)
ARCH Venture Fund VII, L.P.	89,976	1,000,002.26
Asia Ventures II L.P.	185,350	2,059,998.44
F-Prime Capital Partners Healthcare Fund II LP	44,988	500,001.13
Eight Roads Investments Limited	140,362	1,559,997.30
Venrock Associates V, L.P.	81,185	902,298.21
Venrock Partners V, L.P.	6,883	76,498.35
Venrock Entrepreneurs Fund V, L.P.	1,907	21,194.59
Wuxi Pharmatech Healthcare Fund I L.P.	255,531	2,839,997.09
Ge Li and Ning Zhao	96,274	1,069,998.86
John J. Baldwin and Ann M. Baldwin	42,108	467,992.52
Jane Xingfang Hong	87,277	970,005.31
Kelly Xiao Chen	26,993	300,002.90
Kevin Hong Chen	26,993	300,002.90
The George and Ann Lin 2005 Trust	33,191	368,888.09
ABG II-Hua Limited	125,066	1,389,996.03
6 Dimensions Capital, L.P.	418,837	4,654,996.30
6 Dimensions Affiliates Fund, L.P.	22,044	244,999.22
Prized Resources Holdings Limited	15,296	170,001.27
Fortune Triumph Holdings Limited	28,072	311,995.02
Kurt Berney, Esq.	17,995	199,998.23
Total	**1,746,328**	**19,408,864.02**

Name of Shareholder (second closing)	Number of Series D Preferred Shares	Purchase Amount (US$)
Tetrad Ventures Pte Ltd	719,806	7,999,995.86
Absolute Partners Master Fund Limited	719,806	7,999,995.86
Avict Global Holdings Limited	179,952	2,000,004.52
Praise Fortune Project Company Limited	71,981	800,004.03
Woodbury Capital Management Limited	17,995	199,998.23
BlackRock Health Sciences Trust	7,449	82,788.93
BlackRock Health Sciences Opportunities Portfolio, a series of BlackRock Funds	135,713	1,508,327.85
Total	**1,852,702**	**20,591,115.28**

Concurrently with the Series D financing, one of the Harvest Entities conducted the investment in Hua Shanghai, and in connection therewith, such Harvest Entity entered into an option agreement with the Company pursuant to which it has an option right to purchase from the Company 899,758 Series D-1 Preferred Shares upon repurchase by Hua HK or Hua Shanghai of its equity interests in Hua Shanghai, at an exercise price equal to the repurchase price for its equity interests in Hua Shanghai. For details, please see the paragraph headed "—Hua Shanghai" below.

(vii) ***Series E Financing***

In connection with the Series E financing, our Company issued (i) a total of 3,937,124 Series E Preferred Shares at a purchase price of US$13.3013 per share for a total consideration of US$52,368,867.46 at the initial closing on March 14, 2018, and (ii) 1,127,709 Series E Preferred Shares at a purchase price of US$13.3013 per share for a total consideration of US$14,999,995.72 at the second closing on March 26, 2018.

Name of Shareholder (Initial Closing)	Number of Series E Preferred Shares	Purchase Amount (US$)
Tetrad Ventures Pte Ltd	1,278,070	16,999,992.49
Absolute Partners Master Fund Limited	1,278,070	16,999,992.49
Avict Global Holdings Limited	601,445	8,000,000.38
Praise Fortune Project Company Limited	240,578	3,200,000.15
Woodbury Capital Management Limited	60,144	799,993.39
BlackRock Health Sciences Trust	19,558	260,146.83
BlackRock Health Sciences Opportunities Portfolio, a series of BlackRock Funds	356,345	4,739,851.75
Bryan White	75,181	1,000,005.04
The George and Ann Lin 2005 Trust	12,697	168,886.61
Enrique Becerra Soto	7,518	99,999.17
Stephen Patrick Gore	7,518	99,999.17
Total	**3,937,124**	**52,368,867.46**

Name of Shareholder (Second Closing)	Number of Series E Preferred Shares	Purchase Amount (US$)
Innovac International Limited	225,542	3,000,001.80
Ample Plus Ventures Limited	526,264	6,999,995.35
Mirae Asset-Celltrion New Growth Fund I	300,722	3,999,993.54
MIRAE ASSET Good Company Investment Fund #17-1	75,181	1,000,005.03
Total	**1,127,709**	**14,999,995.72**

For further details of the share subscriptions above, please see the paragraph headed "— Pre-[REDACTED] Investments" in this section.

(viii) ***Establishment of Employee Trust***

HLYY Limited (the "**Nominee**") was incorporated in BVI as a limited liability company and is wholly owned by The Core Trust Company Limited (the "**Trustee**"), an Independent Third Party. On August 26, 2018, the Company entered into a trust deed with the Trustee and the Nominee, pursuant to which the Trustee has agreed to act as the trustee to administer the Pre-[REDACTED] Share Incentive Scheme and to hold the Shares underlying the share options and awards granted under the Pre-[REDACTED] Share Incentive Scheme through the Nominee. On August 27, 2018, the Company allotted and issued 7,800,000 Shares to the Nominee at a nominal consideration of US$7,800.00. For details, please see "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 1. Pre-[REDACTED] Share Option Scheme" of this document.

Hua HK

On August 12, 2010, Hua HK was established in Hong Kong as an investment holding company and has since been wholly-owned by the Company.

Hua Shanghai

On June 22, 2011, Hua Shanghai was established in the PRC as a wholly foreign owned limited liability company, or a WFOE, and was wholly-owned by Hua HK. The principal business of Hua Shanghai is the research and development of new drugs and medical technology, the transfer of proprietary technology and providing relevant technology consulting and services.

On April 14, 2016, Hua Shanghai further increased its registered capital to US$21,066,667, after which, Hua Shanghai was owned by Hua HK as to 96.62%, by the Harvest Entities as to 2.64% and by Frontline Suzhou Entities as to 0.74% and Hua Shanghai was converted from a WFOE to a joint venture.

On September 30, 2016, one of the Frontline Suzhou Entities transferred its 0.52% and 0.11% equity interests in Hua Shanghai to Suzhou Industrial Park Bainian Hualing Management Venture Capital Partnership (LP) (蘇州工業園區百年華領投資管理合夥企業(有限合夥)) ("Aeon Life") and Shanghai Longwin Tonghong Venture Capital Investment Management Partnership (LP) (上海朗聞通鴻投資管理合夥企業(有限合夥)) ("Shanghai Longwin"), respectively.

Hua Shanghai further increased its registered capital on April 25, 2017, and on January 30, 2018. Upon completion of the above capital increase, Hua Shanghai was owned by Hua HK as to 91.884%, by the Harvest Entities as to 6.883%, by Aeon Life as to 0.881%, by Suzhou Frontline as to 0.176% and by Shanghai Longwin as to 0.176%.

CORPORATE RESTRUCTURING

Starting from January 2018, we underwent the corporate restructuring as follows:

(1) Restructuring of Our Company

Immediately after the initial closing of the Series D financing on January 23, 2018, Harvest Cayman, as a designated affiliate of the Harvest Entities, (i) exercised the option right to purchase 2,981,114 Series C-1 Preferred Shares of the Company and paid the Company the aggregate option exercise price of US$2,981.12 and (ii) exercised the option right to purchase 899,758 Series D-1 Preferred Shares of the Company and paid the Company the aggregate option exercise price of US$899.76. In connection with such option exercises, the Company issued to Harvest Cayman 2,981,114 Series C-1 Preferred Shares and 899,758 Series D-1 Preferred Shares on January 23, 2018, and the Series C-2 Preferred Share and the Series D-2 Preferred Share previously issued to Harvest Cayman were cancelled simultaneously. On April 18, 2018, Suzhou Frontline, Aeon Life and Shanghai Longwin exercised their options to purchase an aggregate of 695,592 Series C-1 Preferred Shares of the Company, and the Series C-3 Preferred Share previously issued to an affiliate of Frontline Entities were cancelled simultaneously.

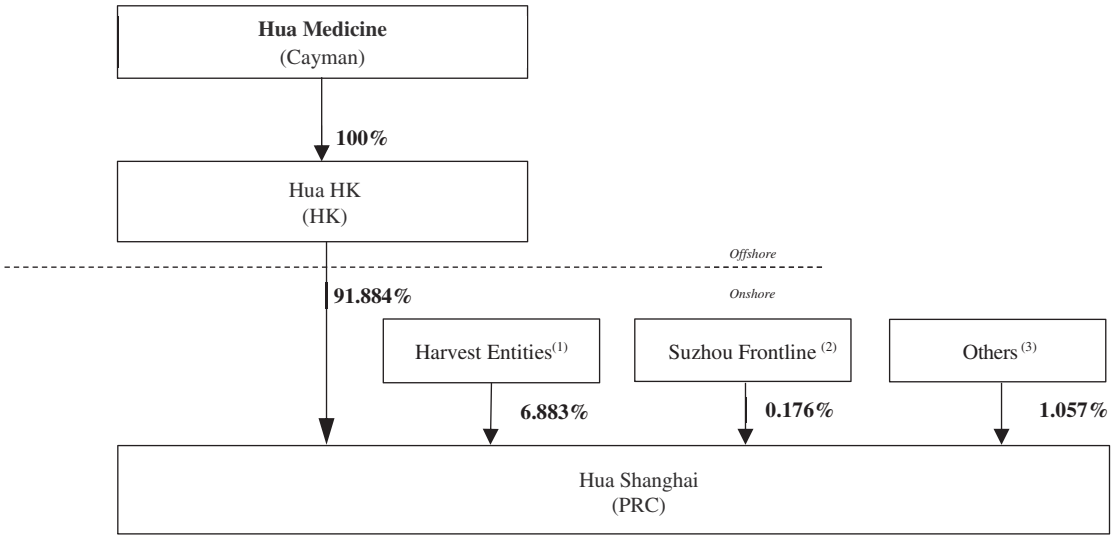
(2) Restructuring of Hua Shanghai

On February 1, 2018, the Harvest Entities entered into equity transfer agreements with Hua HK, pursuant to which all of the equity interests held by the Harvest Entities in Hua Shanghai (accounting for 6.883% of the total share capital of Hua Shanghai) were transferred to Hua HK for a total purchase price of US$2,000,000. The applicable registrations and filings with MOFCOM and SAIC with respect to such equity transfer were completed in February 2018.

On April 8, 2018, Suzhou Frontline, Aeon Life and Shanghai Longwin entered into equity transfer agreements with Hua HK, pursuant to which all of the equity interests held by them in Hua Shanghai (accounting for 1.233% of the total share capital of Hua Shanghai) were transferred to Hua HK for a total purchase price of US$7,000,000. The applicable registrations and filings with MOFCOM and SAIC with respect to such equity transfer were completed in April 2018.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

A simplified corporate structure of our Group as of January 31, 2018 prior to the completion of the corporate restructuring is set out below:



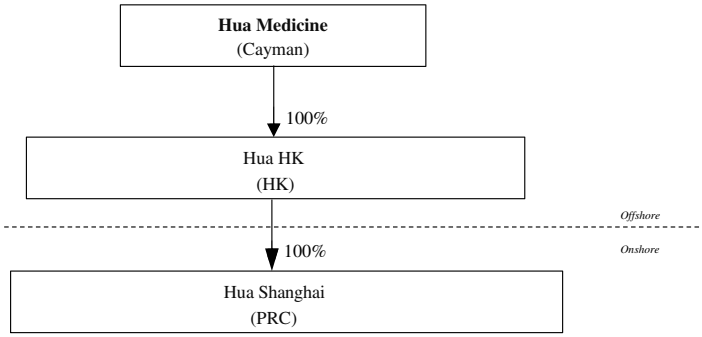
Notes:

(1) Harvest Entities include Shenzhen Jiashi Yuanxiang Venture Capital Investment Partnership (LP) (深圳嘉實元祥股權投資合夥企業(有限合夥)), Shannan Jiashi Bojun Venture Capital Investment Partnership (LP) (山南嘉實伯珺創業投資合夥企業(有限合夥)), Shannan Jiashi Chuangrong Venture Capital Investment Partnership (LP) (山南嘉實創榮創業投資合夥企業(有限合夥)) and Shanghai Jiaxuan Investment Center (LP) (上海嘉烜投資中心(有限合夥)), which respectively held 3.799%, 0.969%, 1.057% and 1.057% in Hua Shanghai as of January 31, 2018.

(2) Suzhou Frontline BioVentures Venture Capital Partnership (Limited Partnership) (蘇州通和創業投資合夥企業 (有限合夥)) held 0.176% in Hua Shanghai as of January 31, 2018.

(3) Others include Aeon Life and Shanghai Longwin which respectively held 0.881% and 0.176% in Hua Shanghai as of January 31, 2018.

A corporate structure of our Group upon completion of the corporate restructuring is set out below:



All consideration in the corporate restructuring have been fully settled. Our PRC Legal Adviser has confirmed that all relevant approvals and permits under PRC law in relation to the share transfers in respect of Hua Shanghai have been obtained and the procedures involved have been carried out in accordance with PRC laws and regulations. Our PRC Legal Adviser confirms that the share transfers and reorganizations in respect of Hua Shanghai have been properly and legally completed.

PRE-[REDACTED] INVESTMENTS

1. Overview

Our Company underwent five rounds of Pre-[REDACTED] Investments, including Series A financing, Series B financing, Series C financing, Series D financing and Series E financing, as described above.

The basis of determination for the consideration for the Pre-[REDACTED] Investments were from arm's length negotiations between our Company and the Pre-[REDACTED] Investors after taking into consideration the timing of the investments and the status of our business and operating entities.

In connection with the Pre-[REDACTED] Investments, the Pre-[REDACTED] Investors entered into the share subscription agreement, investors' rights agreement, right of first refusal and co-sale agreement at the time of their respective investments.

The below table is a summary of the capitalization of the Company.

Shareholders	Ordinary shares	Series A-1 Preferred Shares	Series A-2 Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Series E Preferred Shares	Ownership percentage as of the date of this document[1]	Ownership percentage as of the [REDACTED][2]
ARCH Venture Fund VII, L.P.	500,000	1,420,444	4,900,273	1,428,571	—	89,976	—	13.21%	[REDACTED]%
Asia Ventures II L.P.	250,000	645,656	2,192,333	316,210	—	185,350	—	5.68%	[REDACTED]%
F-Prime Capital Partners Healthcare Fund II LP	250,000	645,656	2,192,333	316,210	—	44,988	—	5.46%	[REDACTED]%
Eight Roads Investments Limited	—	—	—	—	—	140,362	—	0.22%	[REDACTED]%
Venrock Associates V, L.P.	451,150	1,165,151	3,956,285	570,634	—	81,185	—	9.86%	[REDACTED]%
Venrock Partners V, L.P.	38,250	98,785	335,426	48,380	—	6,883	—	0.84%	[REDACTED]%
Venrock Entrepreneurs Fund V, L.P.	10,600	27,376	92,955	13,406	—	1,907	—	0.23%	[REDACTED]%
Sino-Alliance International, Ltd[3]	150,000	734,845	846,258	383,732	—	—	—	3.35%	[REDACTED]%
Wuxi Pharmatech Healthcare Fund I L.P.	—	762,086	2,994,835	922,857	—	255,531	—	7.82%	[REDACTED]%
Ge Li and Ning Zhao (as joint holders)	1,000,000	—	771,404	—	—	96,274	—	2.96%	[REDACTED]%
John J. Baldwin	—	—	771,404	—	—	—	—	1.22%	[REDACTED]%
John J. Baldwin and Ann M. Baldwin (as joint holders)	—	—	—	—	—	42,108	—	0.07%	[REDACTED]%
Alysia Baldwin Ferro	333,333	—	—	—	—	—	—	0.53%	[REDACTED]%
Tracy Baldwin	333,333	—	—	—	—	—	—	0.53%	[REDACTED]%
John K. Baldwin	333,334	—	—	—	—	—	—	0.53%	[REDACTED]%
Edgar Hotard	125,000	—	—	—	—	—	—	0.20%	[REDACTED]%
Jane Xingfang Hong	1,600,769	—	—	—	—	87,277	—	2.67%	[REDACTED]%
Kelly Xiao Chen	500,000	—	—	—	—	26,993	—	0.83%	[REDACTED]%
Kevin Hong Chen	500,000	—	—	—	—	26,993	—	0.83%	[REDACTED]%
The George and Ann Lin 2005 Trust	—	—	—	—	—	33,191	12,697	0.07%	[REDACTED]%
John Choi	1,050,385	—	—	—	—	—	—	1.66%	[REDACTED]%
ABG II-Hua Limited	—	—	—	2,285,715	—	125,066	—	3.82%	[REDACTED]%
China Life Sciences Access Fund, L.P.	—	—	—	571,428	—	—	—	0.90%	[REDACTED]%
6 Dimensions Capital, L.P.	—	—	—	—	—	418,837	—	0.66%	[REDACTED]%
6 Dimensions Affiliates Fund, L.P.	—	—	—	—	—	22,044	—	0.03%	[REDACTED]%
Prized Resources Holdings Limited	—	—	—	285,714	—	15,296	—	0.48%	[REDACTED]%
HARVEST YUANXIANG (CAYMAN) LIMITED	—	—	—	—	3,477,966	899,758	—	6.93%	[REDACTED]%
Parkway Limited	—	—	—	—	198,740	—	—	0.31%	[REDACTED]%
Fortune Triumph Holdings Limited	—	—	—	—	397,482	28,072	—	0.67%	[REDACTED]%
Kurt Berney, Esq.	—	—	—	—	—	17,995	—	0.03%	[REDACTED]%
Suzhou Industrial Park Bainian Hualing Management Venture Capital Partnership (LP) (蘇州工業園區百年華領投資管理合夥企業(有限合夥))	—	—	—	—	496,852	—	—	0.79%	[REDACTED]%

Shareholders	Ordinary shares	Series A-1 Preferred Shares	Series A-2 Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Series E Preferred Shares	Ownership percentage as of the date of this document[1]	Ownership percentage as of the [REDACTED][2]
Shanghai Longwin Tonghong Venture Capital Investment Management Partnership (LP) (上海朗聞通鴻投資管理合夥企業(有限合夥))	—	—	—	—	99,370	—	—	0.16%	[REDACTED]%
Suzhou Frontline BioVentures Venture Capital Partnership (Limited Partnership) (蘇州通和創業投資合夥企業)	—	—	—	—	99,370	—	—	0.16%	[REDACTED]%
Tetrad Ventures Pte Ltd	—	—	—	—	—	719,806	1,278,070	3.16%	[REDACTED]%
Absolute Partners Master Fund Limited	—	—	—	—	—	719,806	1,278,070	3.16%	[REDACTED]%
Avict Global Holdings Limited[3]	—	—	887,096	—	—	179,952	601,445	2.64%	[REDACTED]%
Huifu Investments Limited[3] (慧福投資有限公司)	—	—	725,807	—	—	—	—	1.15%	[REDACTED]%
Praise Fortune Project Company Limited	—	—	—	—	—	71,981	240,578	0.49%	[REDACTED]%
Woodbury Capital Management Limited[3]	—	—	250,000	—	—	17,995	60,144	0.52%	[REDACTED]%
BlackRock Health Sciences Trust	—	—	—	—	—	7,449	19,558	0.04%	[REDACTED]%
BlackRock Health Sciences Opportunities Portfolio, a series of BlackRock Funds	—	—	—	—	—	135,713	356,345	0.78%	[REDACTED]%
Innovac International Limited.	—	—	—	—	—	—	225,542	0.36%	[REDACTED]%
Ample Plus Ventures Limited	—	—	—	—	—	—	526,264	0.83%	[REDACTED]%
MIRAE ASSET Good Company Investment Fund #17-1	—	—	—	—	—	—	75,181	0.12%	[REDACTED]%
Mirae Asset-Celltrion New Growth Fund I	—	—	—	—	—	—	300,722	0.48%	[REDACTED]%
Bryan White	—	—	—	—	—	—	75,181	0.12%	[REDACTED]%
Enrique Becerra Soto	—	—	—	—	—	—	7,518	0.01%	[REDACTED]%
Stephen Patrick Gore	—	—	—	—	—	—	7,518	0.01%	[REDACTED]%
Qizhong Song	25,000	—	—	—	—	—	—	0.04%	[REDACTED]%
HLYY Limited	7,800,000	—	—	—	—	—	—	12.35%	[REDACTED]%
Other Shareholders	—	—	—	—	—	—	—	—	[REDACTED]%
Total	15,251,154	5,499,999	20,916,409	7,142,857	4,769,780	4,498,788	5,064,833	100.00%	[REDACTED]%

Notes:

(1) Based on the assumption that each Preferred Share will be converted into one ordinary Share upon the [REDACTED] becoming unconditional. All Preferred Shares will automatically be converted into the same number of ordinary Shares upon [REDACTED].

(2) After completion of the Capitalization Issue and [REDACTED] without taking into account the Shares to be allotted and issued under the Post-[REDACTED] Share Option Scheme and the Over-allotment Option.

(3) Sino-Alliance International, Ltd transferred 887,096, 725,807 and 250,000 Series A-2 Preferred Shares to Avict Global Holdings Limited, Huifu Investments Limited (慧福投資有限公司) and Woodbury Capital Management Limited, respectively, on April 18, 2018 at a price of US$12.40 per each Series A-2 Preferred Share.

2. Principal terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

The below table summarizes the principal terms of the Pre-[REDACTED] Investments:

	Series A-1	Series A-2	Series B	Series C	Series D	Series E
Cost per Preferred Share paid . .	US$1.00	US$0.75 (conversion of notes)	US$3.50	US$10.06335	US$11.1141	US$13.3013
Date of the agreement . .	May 16, 2014	May 16, 2014	January 6, 2015	April 18, 2016	January 22, 2018	March 12, 2018
Date on which investment was fully settled.	May 16, 2014	May 16, 2014	August 6, 2015	March 9, 2017	March 14, 2018	March 26, 2018
Discount to the [REDACTED] [REDACTED][(1)].	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

Lock-Up Period	The equity securities of the Company acquired by the Pre-[REDACTED] Investors in the Pre-[REDACTED] Investments will be subject to a lock-up period of 180 days from the [REDACTED], except for transfer to a Pre-[REDACTED] Investor's affiliate or with prior written consent of the Company, the Joint Sponsors and the [REDACTED].
Use of Proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds for the development and operation of the business of the members of the Group, including but not limited to, clinical trials, product development, personnel recruitment, office utilities and marketing. As at March 31, 2018, approximately 35% of the net proceeds from the Pre-[REDACTED] Investments by the Pre-[REDACTED] Investors were utilized. We intend to utilize the remaining net proceeds from the Pre-[REDACTED] Investments after we have utilized the net proceeds from the [REDACTED].
Strategic benefits of the Pre-[REDACTED] Investors brought to our Company	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-[REDACTED] Investors' investments in our Company and the Pre-[REDACTED] Investors' knowledge and experience.

Note:

(1) The discount to the [REDACTED] is calculated after adjustment pursuant to the Capitalization Issue and based on the assumption that the [REDACTED] is HK$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK$[REDACTED] to HK$[REDACTED], on the basis that the conversion of the Preferred Shares into ordinary Shares and the Capitalization Issue have completed prior to [REDACTED].

In addition to the terms described above, the holders of the Preferred Shares have been granted the following special rights, each of which shall automatically terminate immediately prior to [REDACTED] when the Preferred Shares are converted into ordinary shares of US$0.001 each:

Conversion Rights

Optional conversion

At the option of the holder of Preferred Shares, a Preferred Share may be converted into fully paid and non-assessable shares based on the then applicable conversion price.

Automatic conversion

The Preferred Shares shall be automatically converted into fully paid, non-assessable shares based on the then applicable conversion price upon the earlier of (i) the closing of a Qualified IPO or (ii) the date specified by written consent or agreement of (x) the Majority Preferred Holders and (y) the Majority Series E Holders; provided, however, with respect to sub clause (ii)(y) only, no additional consent of any holder of the Series E Preferred Shares is required to effectuate the conversion of the Series E Preferred Shares if such conversion is in connection with an underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in the United States or in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange (other than a Qualified IPO) and the offering price per share of such initial public offering represents a pre-offering valuation of the Company of at least US$800,000,000.

"Majority Preferred Holders" means the holders of at least a majority of the voting power of the then issued and outstanding Preferred Shares, voting together as a single class.

Qualified [REDACTED]

"Qualified [REDACTED]" means the closing of a firm commitment underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended, (i) with an offering price per share that represents a pre-offering valuation of the Company of at least [REDACTED]; and (ii) resulting in at least [REDACTED] of net proceeds to the Company (net of the underwriting discount and commissions), or in a public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange approved by the Majority Preferred Holders, voting as a single class, so long as such offering satisfies the foregoing pre-offering valuation requirements.

The [REDACTED] is a Qualified [REDACTED] and all Preferred Shares will be automatically converted into Shares upon [REDACTED].

	Anti-dilution protection The initial conversion ratio for each Preferred Share to ordinary share of US$0.001 each shall be 1:1. The conversion ratio, which shall initially be based on the issue price of the Preferred Shares, shall be adjusted from time to time by customary events such as share dividends, subdivisions, combinations or consolidations of ordinary shares, other distribution reclassification, exchange and substitutions, including, among others, in the event of an issuance of new securities below the applicable conversion price. No adjustment will be made to the conversion ratio in connection with a Qualified IPO, including the [REDACTED]. The adjustment to the conversion ratio of the Preferred Shares is not linked to the [REDACTED] or the market capitalization of our Company upon [REDACTED] and is in line with the principles and requirements promulgated by the Stock Exchange.
Dividend rights	Each holder of Preferred Shares shall be entitled to receive accruing dividends, prior and in preference to any declaration or payment of any dividend on the prior series of Preferred Shares and Ordinary Shares, at the rate of 4% per annum based on the actual number of days elapsed. Such dividends shall accrue from day to day, compounded annually, and be cumulative and payable (i) when, as and if declared by the Board of Directors or (ii) upon the occurrence of a Liquidation Event, in which case to the extent required by, and subject to, applicable law, the Board of Directors shall declare such dividends or distributions payable, or (iii) upon the redemption. In addition, each holder of Preferred Shares shall also be entitled to participate on an as-converted basis pro-rata in any dividends or distributions paid to the holders of Ordinary Shares.
Redemption rights	On or after three years from March 14, 2018, the holders of at least two-thirds of the voting power of a series of Preferred Shares then issued and outstanding may request that the Company redeem all outstanding Preferred Shares of such series (prior and in preference to any redemption of the prior series of Preferred Shares) at a price per share equal to original per share subscription price for such series of Preferred Shares plus all accrued but unpaid dividends thereon.
Information and inspection rights	The Pre-[REDACTED] Investors have the right to receive certain financial statements and other information about our Company. The Pre-[REDACTED] Investors have the right to inspect the Group's facilities, examine its books of accounts and records.
Liquidation rights	The holders of the Preferred Shares are entitled to receive an amount equivalent to their initial investment plus all declared but unpaid dividends in preference to any other Shareholders in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

Right to elect director and participation in Board and Board committee	The Company shall have a board of directors consisting of up to nine authorized directors, including (i) one director appointed by Harvest for so long as it holds the most voting power of the Series C Preferred Shares, (ii) one director appointed by Ally Bridge Group for so long as it holds at least 50% of the Series B Preferred Shares originally issued to it, (iii) one director appointed by China Life Sciences Access Fund for so long as it holds at least 50% of the Series B Preferred Shares originally issued to it, (iv) one director appointed by Arch Ventures for so long as it holds at least 50% of the Series A Preferred Shares originally issued to it, (v) one director appointed by F-Prime Capital for so long as it holds at least 50% of the Series A Preferred Shares originally issued to it, (vi) one director appointed by Venrock for so long as it holds at least 50% of the Series A Preferred Shares originally issued to it, (vii) one director appointed by Wuxi Ventures for so long as it holds at least 50% of the Series A Preferred Shares originally issued to it, (viii) one director appointed by Dr. Li Chen for so long as he continues to provide services to the Company and (ix) remaining director to be appointed by holders of a majority of the voting power of the issued and outstanding Preferred Shares and Ordinary Shares (voting together as a single class on an as-converted basis).
Pre-emptive right	Each Pre-[REDACTED] Investor shall have the pre-emptive right to purchase up to a pro rata share of any new securities which our Company may propose to issue.
Right of first refusal and co-sale	If any shareholder proposes to transfer any securities of our Company (the "Offered Shares") held by it to any third party prospective buyer, the Pre-[REDACTED] Investors have a right of first refusal to purchase all the Offered Shares on a pro rata basis on the terms and conditions stated in the transfer notice given by the transferring shareholders. In the event that the Pre-[REDACTED] Investors do not exercise their right of first refusal with respect to all of the Offered Shares, the Pre-[REDACTED] Investors who exercised their rights of first refusal have the right to participate in the sale of the remaining Offered Shares on the same terms and conditions as set forth in the transfer notice given by the transferring shareholder.
Drag-along obligations	If at any time the Majority Preferred Holders (the "Drag Holders") and the board of directors of our Company approve in writing a Deemed Liquidation Event, whether structured as a merger, reorganization, asset sale, share sale, sale of control of the Company, or otherwise, and the valuation of the Company is no less than [REDACTED] for such merger, reorganization, asset sale, share sale, sale of control, to any person that is not an affiliate of the Group and the Drag Holders (the "Offeror"), then at the request of the Drag Holders, each shareholder shall vote their shares in favor of such Deemed Liquidation Event and sell all of its shares in the Company to the Offeror at the same time as the Drag Holders.

"Deemed Liquidation Event" means any of the following events: (1) (A) any consolidation, amalgamation, scheme of arrangement or merger of a Group Company with or into any other Person or other reorganization in which the Members or shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than a majority of such Group Company's voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or (B) any transaction or series of related transactions to which a Group Company is a party in which fifty percent (50%) or more of such Group Company's voting power or equity interest is transferred; or (2) a sale, transfer, lease or other disposition of all or substantially all of the assets or business of the Group Companies taken as a whole (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of the Group Companies taken as a whole), including the transfer and/or exclusive licensing of all or substantially all of the Group Companies' Intellectual Property to a third party; provided that corporate activities taken solely for the purpose of achieving a Qualified [REDACTED] shall not in any case be a "Deemed Liquidation Event."

Protective Provisions

Certain corporate actions require the approval of the Majority Preferred Holders. These corporate actions include, among others, (i) any Deemed Liquidation Event, (ii) any amendment to the Memorandum and Articles of the Company, (iii) any change to the size of the board of directors of the Company, (iv) any public offering of any Equity Securities of any Group Company, including determination of listing venue and valuation, (v) any appointment, change or removal of the chief executive officer of any of the Group Companies, and (vi) any declaration, set aside or payment of a dividend or other distribution by any of the Group Companies, or the adoption of, or any change to, the dividend policy of any Group Company.

Certain corporate actions require the approval of at least a majority of the Preferred Directors. These corporate actions include, among others, (i) any incurrence of indebtedness or capital expenditure in excess of US$150,000 in the aggregate, or any commitment made by the Company to a third party in excess of US$300,000, in each case not contemplated by the Company's Board-approved operating budget; (ii) approval of annual and quarterly financial budget, (iii) appointment, removal and determination of the scope and the remuneration package of senior management (including Chief Executive Officer, Chief Financial Officer, Chief Operating Office, Chief Technology Officer, Vice President and other similar positions) and any employee with annual salary in excess of USD100,000 of the Group Companies (iv) approve, amend and implement the Pre-[REDACTED] Share Incentive Scheme, determine grants under the Pre-[REDACTED] Share Incentive Scheme and increase in the number of shares reserved under the Pre-[REDACTED] Share Incentive Scheme, (v) grant of any stock option or stock equivalent containing acceleration of vesting provisions upon a change of control of the Company, sale of all or substantially all assets of the Company, termination or similar event, and (vi) any transaction with any director or management employee or immediate families thereof.

3. **Information about the Pre-[REDACTED] Investors**

Our Pre-[REDACTED] Investors are mainly sophisticated investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the biopharmaceutical sector, including the following:

(i) ARCH Ventures Fund VII, L.P. ("ARCH") is a venture capital fund managed by ARCH Venture Partners, a venture capital firm specializing in investments in seed and early-stage technology companies with a primary focus on life sciences, of which our Director, Mr. Robert Taylor Nelsen, is a managing director. Its portfolio companies include, among others, Illumina, Inc., Agios Pharmaceuticals, Alnylam Pharmaceuticals, Bluebird Bio, Grail, Inc., Denali Therapeutics, Juno Therapeutics, Kythera Biopharmaceuticals, Receptos, WuXi NextCODE, all of which are biotechnology companies.

(ii) The Venrock Entities, which include Venrock Associates V, L.P., Venrock Partners V, L.P., Venrock Entrepreneurs Fund V, L.P., are investment funds managed by Venrock, a venture capital and private equity firm specializing in seed, early stage, late-stage, mezzanine, growth capital, and first round investments with a primary focus on technology and healthcare. Venrock's healthcare funds have invested in a number of biotech/healthcare companies, such as Adnexus Therapeutics, Idec Pharmaceuticals, Illumina, Millennium Pharmaceuticals and Sirna Therapeutics.

(iii) F-Prime Capital Partners Healthcare Fund II LP ("F-Prime Capital Fund II") is a global venture capital investment fund managed by Impresa Management LLC., and it and its affiliated funds invest in healthcare and technology sectors in the US, Europe and Asia with portfolio companies including Blueprint Medicines, Denali Therapeutics, Shanghai Hile

Bio-Technology, Ironwood Phatmaceuticals, Innovent Biologics, Semma Therapeutics and Ultragenyx Pharmaceutical. Asia Ventures II L.P. and Eight Roads Investments Limited (collectively "Eight Roads Entities") are part of Eight Roads, the proprietary investment arm of FIL Limited which mainly focuses on private investment in healthcare, enterprise technology, financial technology and consumer technology sectors in China and globally. Eight Roads has invested in a number of biotech/healthcare companies, including, among others, Wuxi AppTec, Shanghai Hile Bio-Technology, Innovent Biologics, Denali Therapeutics, and Semma Therapeutics.

(iv) Wuxi Pharmatech Healthcare Fund I L.P. ("Wuxi") is an investment fund of Wuxi Healthcare Ventures, a spin-off from WuXi AppTec Co., Ltd.'s corporate venture department in 2011 investing in healthcare and life sciences industry. Dr. Ge Li, our former Director, holds over 30% in Wuxi and Dr. Ge Li together with his wife, Dr. Ning Zhao (collectively the "Ge Li Family") also directly hold 2.96% of the Company. Save as disclosed above, no other family members of Dr. Li hold any shares of the Company. The Frontline Entities belong to Frontline BioVentures, a venture capital firm with expertise and broad network in the life sciences industry in China of which our Director, Mr. Lian Yong Chen, is a managing partner. In May 2017, Wuxi Healthcare Ventures and Frontline BioVentures merged to form one healthcare investment group named 6 Dimensions Capital with an in-depth focus in healthcare and extensive coverage across China and the U.S., which further increased its investment in the Company through 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. (collectively, the "6 Dimensions Entities") in the Series D financing. The portfolio companies of 6 Dimensions Capital include, among others, Birdie Biopharmaceuticals, Ideaya Biosciences and IMPACT Therapeutics, all of which are biotech/pharmaceutical companies.

(v) ABG II-Hua Limited ("ABG") is controlled by Ally Bridge Group, a global healthcare-focused investment group. It has expertise in cementing strategic partnerships between emerging healthcare companies and industry leaders, and across different geographies, particularly between China and the U.S., with portfolio companies including Wuxi AppTec, Vifor Pharma, Life Tech Scientific, Tesaro, Inc., BeiGene, Ltd., Innovent Biologics, Inc. and Grail, Inc. and other healthcare/biotech companies.

(vi) The Harvest Entities and Harvest Cayman belong to Harvest Investments Management Co., Ltd. ("Harvest Investments"), a leading private equity firm in China. With around RMB10 billion assets under management, Harvest Investments has successfully identified, invested in and partnered with pharmaceutical companies and companies with leading technology in China. Its portfolio companies include Viroad, Shanghai STA, Mabworks Biotech, Beijing Jingdu Children's Hospital and other healthcare/biotech companies.

The above sophisticated investors have invested approximately US$59.0 million in the Company in total and will collectively hold approximately [REDACTED]% of the total issued Shares upon completion of the [REDACTED] (assuming the Over-allotment Option and options which may be granted under the Post-[REDACTED] Share Option Scheme are not exercised).

Our investors also include our Directors, former director of our subsidiary and their family members:

(i) The Baldwin Family includes our portfolio advisory board member Dr. John J. Baldwin (who is also a former director of Hua HK) and his family members Ann M. Baldwin, Alysia Baldwin Ferro, Tracy Baldwin and John K. Baldwin. Save as disclosed above, no other family members of Dr. Baldwin hold any shares of the Company.

(ii) Li Chen Family includes Ms. Jane Xingfang Hong, the wife of our founder and Director Dr. Li Chen, and Dr. Chen's children, Kelly Xiao Chen and Kevin Hong Chen. Save as disclosed above, no other family members of Dr. Chen hold any shares of the Company.

(iii) The George and Ann Lin 2005 Trust is a family trust set up by our Director, Mr. George Lin.

Other investors of our Company include private investors and special purpose vehicles, all of which are Independent Third Parties.

4. **Public Float**

Upon completion of the [REDACTED] (assuming the Over-allotment Option and options which may be granted under the Post-[REDACTED] Share Option Scheme are not exercised), ARCH will hold approximately [REDACTED]% of the total issued Shares; therefore, it is a substantial Shareholder and its Shares will not count towards the public float. In addition, Dr. Lian Yong Chen, one of our Directors, is the general partner of China Life Sciences Access Fund, L.P. which will hold [REDACTED]% of the total issued Shares upon completion of the [REDACTED] and such Shares will not count towards the public float. The Shares in which the Li Chen Family and The George and Ann Lin 2005 Trust are interested in, representing approximately [REDACTED]% and [REDACTED]% of the total issued Shares, respectively, will also not count towards the public float as such Shares are either held or financed by a Director or his close associates. In addition, the Shares held by the Nominee in trust under the Pre-[REDACTED] Share Incentive Scheme, representing approximately [REDACTED]% of the total issued Shares after completion of the [REDACTED] will also not count towards the public float. Save as disclosed above, to the best of the Directors' knowledge, all other investors and shareholders of the Company are not core connected persons of our Company. As a result, a total of approximately [REDACTED]% of the Shares (upon completion of the [REDACTED] without taking into account the Shares which may be issued under the Over-allotment Option and Post-[REDACTED] Share Option Scheme) with a market capitalization of approximately HK$[REDACTED] million (based on the [REDACTED] of HK$[REDACTED], being the mid-point of the indicative [REDACTED] range) held by our existing shareholders will count towards the public float; hence, over 25% of the Company's total issued Shares will be held by the public upon completion of the [REDACTED] in accordance with the requirements under 8.08(1)(a) of the Listing Rules.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

The Joint Sponsors confirm that the investment by the Pre-[REDACTED] Investors is in compliance with the Guidance Letter HKEx-GL29-12 issued on January 2012 and updated in March 2017 by the Stock Exchange, Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and Guidance Letter HKEx-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

PRC REGULATORY REQUIREMENTS

Hua Shanghai has already obtained the record-filing certificate for the share transfers in accordance with the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法) and the new business license has been obtained. Our PRC Legal Adviser has confirmed that the share transfers and reorganizations in respect of Hua Shanghai as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

M&A Rules

As disclosed in the section headed "Regulatory Overview — Regulations on Company Establishment and Foreign Investment" in this document, the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定) (the "M&A Rules") require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Article 11 of the M&A Rules stipulates that an offshore special purpose vehicle, or a SPV, established or controlled by a PRC company or individual shall obtain approval from MOFCOM prior to the acquisition of any domestic enterprise related to such company or individual. The M&A Rules, among others, also require that an offshore SPV formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

As advised by our PRC Legal Adviser, since our Company is not controlled by PRC enterprises or individuals, this [REDACTED] is not subject to any further approval, or consent under the M&A Rules, including but not limited to the approval or consent of MOFCOM or the CSRC.

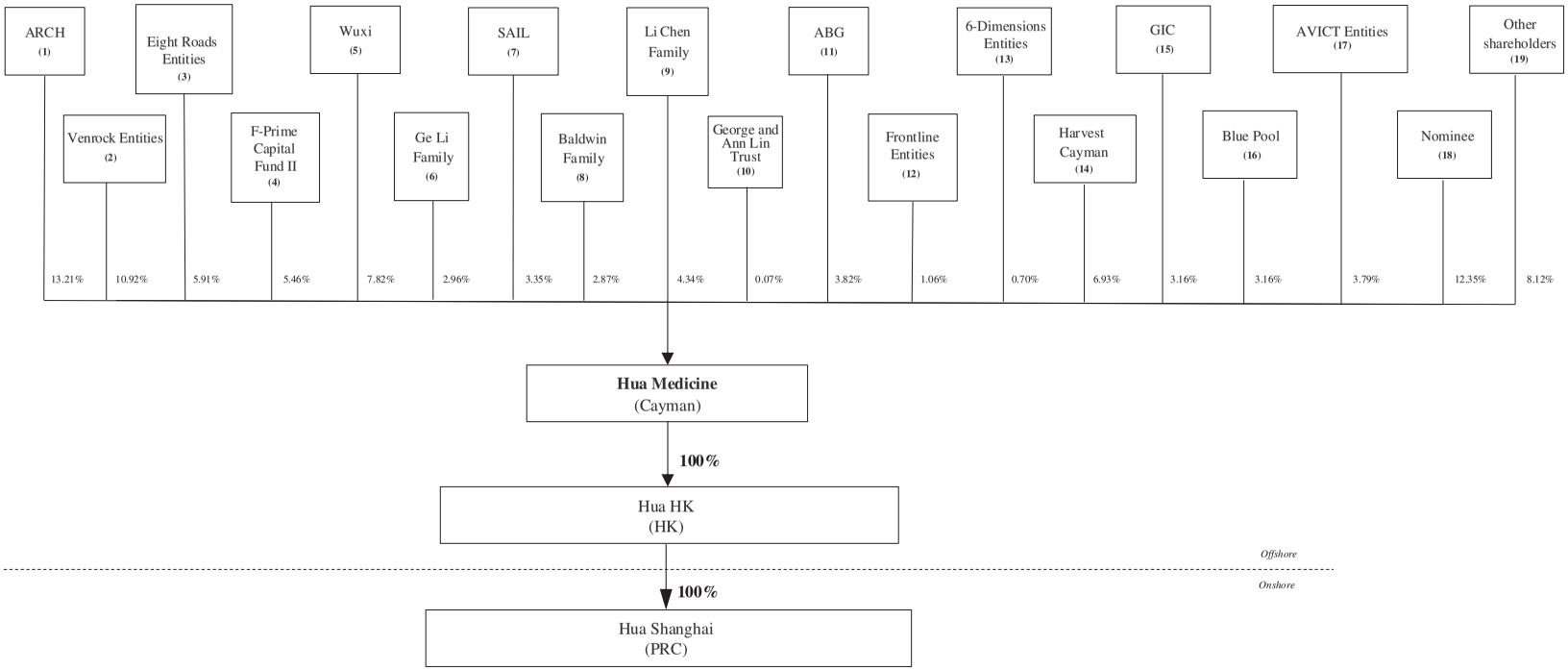
SAFE Circular 37 and Related Rules

As disclosed in the section headed "Regulatory Overview — Foreign Exchange Control" in this document, SAFE Circular 37 requires PRC residents to register with local branches of SAFE with regards to their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing and hold such PRC residents' legally owned assets or equity investments in domestic enterprises or offshore assets or interests (referred to as a "special purpose vehicle" in SAFE Circular 37). SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. The Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知), effective from June 1, 2015, further simplifies the registration procedure under SAFE Circular 37 and delegates a qualified local bank to conduct the relevant registration of PRC residents.

We have requested our current shareholders to disclose whether their shareholders or beneficial owners are PRC residents under SAFE Circular 37 and the related rules, and urged those who are PRC residents to register with a qualified local bank as required. As confirmed by our shareholders, they and their beneficial owners have all complied with the requirements of SAFE Circular 37 and the related rules. Our PRC Legal Adviser is of the view that, as reasonably disclosed and confirmed by our Company, the Company and its shareholders have complied with SAFE Circular 37 and the related rules in all material aspects. Our PRC Legal Adviser further advises that there still remains uncertainty as to interpretation and implementation of SAFE Circular 37 and the related rules at practice level.

OUR STRUCTURE AFTER COMPLETION OF THE CORPORATE RESTRUCTURING

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the [REDACTED]:



Notes:

(1) ARCH Venture Fund VII, L.P. is a limited partnership established in the United States.

(2) Venrock entities are all established in the United States. Venrock Associates V, L.P., Venrock Partners V, L.P., Venrock Entrepreneurs Fund V, L.P. hold 9.86%, 0.84% and 0.23%, respectively, of the Company.

(3) Both Eight Roads Entities are established in Bermuda. Asia Ventures II L.P. and Eight Roads Investments Limited hold 5.68% and 0.22%, respectively of the Company.

(4) F-Prime Capital Fund II is a limited partnership established in the United States.

(5) Wuxi Pharmatech Healthcare Fund I L.P. is a limited partnership established in the Cayman Islands.

(6) Ge Li and his wife Ning Zhao collectively hold 2.96% of the Company. Ge Li holds over 30% in Wuxi Pharmatech Healthcare Fund I L.P.

(7) Sino-Alliance International, Ltd ("SAIL") is a limited company established in the Cayman Islands and is wholly-owned by Shanghai Alliance Investment Ltd, a private equity and venture capital arm of the Shanghai Municipal Government.

(8) Baldwin family collectively hold 2.87% of the Company. John J. Baldwin on his own and jointly with his wife Ann M. Baldwin, Alysia Baldwin, Ferro, Tracy Baldwin and John K. Baldwin hold 1.22%, 0.07%, 0.53%, 0.53% and 0.53%, respectively, of the Company.

(9) Li Chen family collectively hold 4.34% of the Company. Dr. Li Chen's wife, Jane Xingfang Hong, and their children Kelly Xiao Chen and Kevin Hong Chen hold 2.67%, 0.83% and 0.83%, respectively, of the Company.

(10) The George and Ann Lin 2005 Trust holds 0.07% of the Company.

(11) ABG II-Hua Limited is a limited company established in the BVI.

(12) Frontline Entities, including China Life Sciences Access Fund, L.P. and Suzhou Frontline BioVentures Venture Capital Partnership (Limited Partnership) (蘇州通和創業投資合夥企業(有限合夥)), hold 0.90% and 0.16%, respectively, of the Company.

(13) The 6 Dimensions Entities include 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P., both of which are established in the Cayman Islands and hold 0.66% and 0.03%, respectively, of the Company.

(14) Harvest Yuanxiang (Cayman) Limited is a limited company established in the Cayman Islands.

(15) Tetrad Ventures Pte Ltd ("GIC") is a limited company established in Singapore and managed by GIC Special Investments Pte Ltd which is wholly-owned by GIC Pte Ltd, a global asset management company established in 1981 to manage Singapore's foreign reserves.

(16) Absolute Partners Master Fund Limited ("Blue Pool") is an investment fund established in the Cayman Islands and managed by Blue Pool Capital Limited, a multi-strategy investment firm based in Hong Kong.

(17) Avict Entities include Avict Global Holdings Limited, a company established under the laws of the BVI and Huifu Investments Limited (慧福投資有限公司), a company established under the laws of Hong Kong, holding 2.64% and 1.15%, respectively, of the Company.

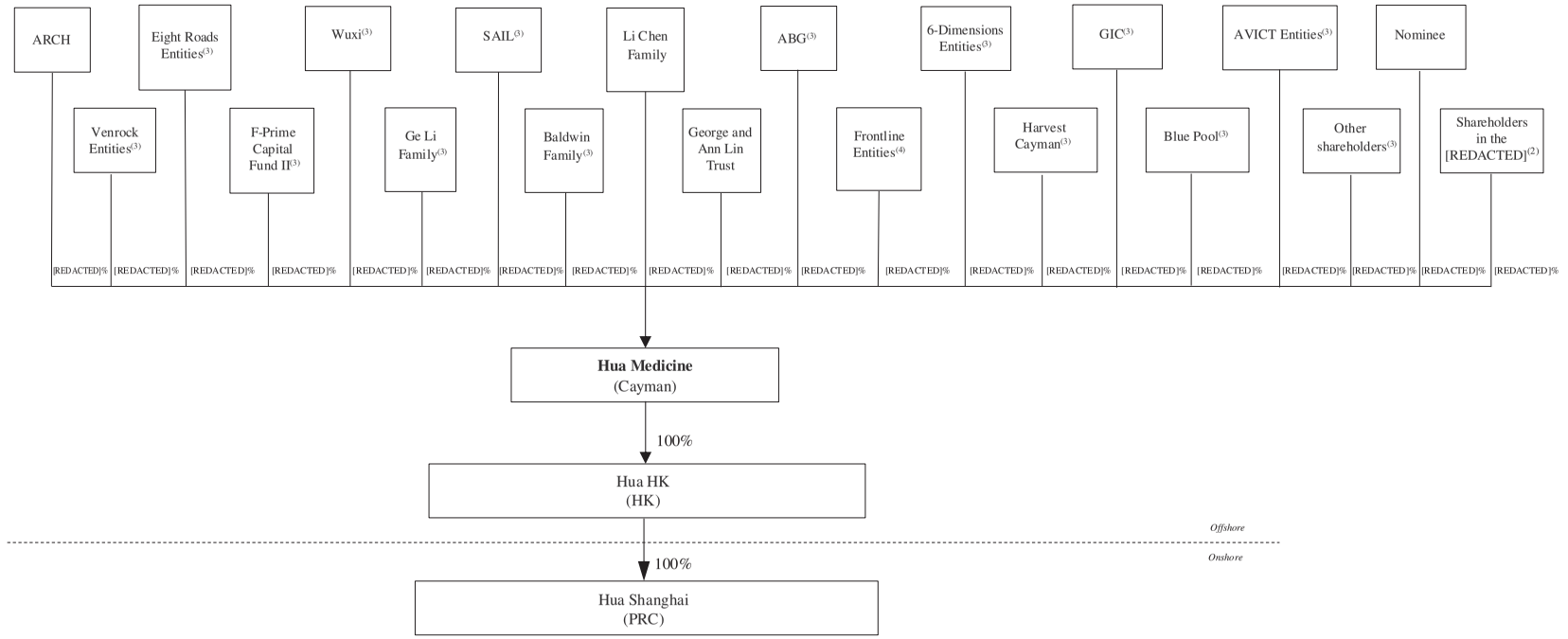
(18) The Shares were held by the Nominee, HLYY Limited (being a wholly owned subsidiary of The Core Trust Company Limited, an Independent Third Party), in trust to satisfy the options and awards granted under the Pre-[REDACTED] Share Incentive Scheme upon exercise or vesting.

(19) Edgar Hotard, John Choi, Prized Resources Holdings Limited, Parkway Limited, Fortune Triumph Holdings Limited, Kurt Berney, Esq (a partner of O'Melveny & Myers, the legal advisers of the Company as to Hong Kong and United States laws in respect of the [REDACTED]), Praise Fortune Project Company Limited, Woodbury Capital Management Limited, BlackRock Health Sciences Trust, BlackRock Health Sciences Opportunities Portfolio, a series of BlackRock Funds, Innovac International Limited, Ample Plus Ventures Limited, MIRAE ASSET Good Company Investment Fund #17-1, Mirae Asset-Celltrion New Growth Fund I, Shanghai Longwin Tonghong Venture Capital Investment Management Partnership (LP) (上海朗通投管理合夥企业(有限合夥)), Suzhou Industrial Park Bainian Hualing Management Venture Capital Partnership (LP) (蘇州工業園區百年華領投資管理合夥企業(有限合夥)), Bryan White, Enrique Becerra, Stephen Gore and Qizhong Song, hold 0.20%, 1.66%, 0.48%, 0.31%, 0.67%, 0.03%, 0.49%, 0.52%, 0.04%, 0.78%, 0.36%, 0.83%, 0.12%, 0.48%, 0.79%, 0.16%, 0.12%, 0.01%, 0.01% and 0.04%, respectively.

(20) Based on the assumption that each Preferred Share will be converted into one ordinary Share of US$0.001 each upon the [REDACTED] becoming unconditional, all Preferred Shares will automatically be converted into the same number of ordinary Shares upon [REDACTED].

OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Capitalization Issue and the [REDACTED] (assuming the Over-allotment Option and the options which may be granted under the Post-[REDACTED] Share Option Scheme are not exercised):



Notes:

(1) Based on the assumption that each Preferred Share will be converted into one ordinary Share upon the [REDACTED] becoming unconditional. All Preferred Shares will automatically be converted into the same number of ordinary Shares upon [REDACTED].

(2) Shareholders in the [REDACTED] includes our Shareholders allocated with [REDACTED] under the [REDACTED]. Shareholders who are our core connected persons will not be counted towards the public float.

(3) The equity interests held by these shareholders will be counted towards the public float. For details, please see "— 4. Public Float" above.

(4) Frontline Entities, including China Life Sciences Access Fund, L.P. and Suzhou Frontline BioVentures Venture Capital Partnership (Limited Partnership) (蘇州通和創業投資合夥企業(有限合夥)), will hold [REDACTED]% and [REDACTED]%, respectively, of the Company immediately upon completion of the [REDACTED]. As disclosed under "— 4. Public Float", as Dr. Lian Yong Chen, one of our Directors, is the general partner of China Life Science Access Fund, L.P., the [REDACTED]% equity interest held by China Life Science Access Fund, L.P. will not count towards the public float, and the [REDACTED]% equity interest held by Suzhou Frontline BioVenture Capital Partnership (Limited Partnership) will be counted towards the public float.